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THE ROLE OF STATE AND LOCAL GOVERNMENT EMPLOYMENT  
AND EARNINGS IN NONMETROPOLITAN ECONOMIES

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ESCS Staff Report  
June 1980

THE ROLE OF STATE AND LOCAL GOVERNMENT EMPLOYMENT AND EARNINGS IN NONMETROPOLITAN ECONOMIES. By Leon B. Perkinson; Economic Development Division; Economics, Statistics, and Cooperatives Service; U.S. Department of Agriculture; Raleigh, N.C. 27650; June 1980.

## ABSTRACT

State and local government employment more than doubled between 1957 and 1977. Changes in public employment could adversely affect nonmetropolitan areas if governments provide an important source of work and earnings opportunities. The government sector: had more employment and earnings than private sectors in more nonmetro than metro counties; was either the first or second most important employer in 40 percent of nonmetro counties; had as much as 25 percent of total employment in less than seven percent of nonmetro counties; employment was more important than government earnings; was more important in counties adjacent to than in counties not adjacent to SMSAs.

**Keywords:** Employment, Government, Local government, Labor, Community services.

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## INTRODUCTION

This paper examines State and local government employment and earnings relative to specified private sectors to identify the role or importance of government in local county economies. This should be useful to local officials and the general public to assist the evaluation of the direct impact which could occur with changes in governmental employment and earnings.

State and local governments are frequently viewed as tax collectors and providers of services promoting and/or protecting the public's health and welfare. The roles of tax collector and service provider requires personnel creating yet another role for governments: the role of employer providing a source of employment and earnings like any other industry. Governments' role of employer has not received much attention although the magnitude of and growth in public employment has elicited much recent comment primarily from the focus of budgetary impacts. Restrictions on State or local governmental revenues initiated in some States through avenues such as California's Proposition 13 and ceilings on expenditures initiated in other States may result in a decrease in the State and local governmental work force in the future. Some of the initial impacts associated with California's Proposition 13 have been documented by Levenson (2). 1/

Many State and local government employment opportunities are located in nonmetropolitan areas and may constitute an important source of employment and income in rural areas. In 1977, over 2.5 million local government employees (27 percent) were located outside Standard Metropolitan Statistical Areas (3, p. 20). 2/ A change in the role of governments as a source of employment could therefore adversely affect nonmetropolitan areas depending upon the existing importance of government in providing work and earnings opportunities relative to other sectors in the nonmetropolitan economy. The potential short run impact from a reduction in governmental employment would be affected by factors such as the unemployment rate, concentration of fast growth or slow growth industries, employment and earnings multipliers, and so forth. Such refinements will not be considered here however.

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1/Underlined numbers refer to items in References.

2/Comparable data were not available for State government.

This paper is organized in the following way. First, the level of and change in sector employment is examined on a national level to indicate the changing status of governmental employment. Then State and local governmental employment and earnings from such governmental employment will be examined separately to identify the relative importance of governments in local economies. The importance of government will be assessed in several ways. First, the number of counties where governmental employment and earnings exceeds the employment and earnings for specified broad sectors provides a general view of the relative size of government relative to other sectors. Second, the number of private sectors within the county exceeded by government indicates the ranking of government relative to private sectors. Third, government as a percentage of private sector employment and earnings indicates the overall importance of government within local economies. Finally, the importance of governmental employment and earnings in the aggregate is examined.

To assist the description of the role of governments, data for metropolitan and nonmetropolitan counties are presented. Both metropolitan and nonmetropolitan counties are further separated into a total of ten components based on the size of the metropolitan area in the first case and based on the number of urban residents and adjacency to a metro area in the second case. 3/ The number of counties reported do not necessarily correspond with the total number of counties or county equivalents because some areas were summed together and two states were not included. 4/

#### THE LEVEL OF EMPLOYMENT

Manufacturing employment totaled over 20 million persons in 1978 followed by trade, services, and government (table 1). Employment in the services sector exceeded government employment for the first time in 1977. State and local governments employed 12.7 million in 1978. The 2.8 million Federal Government employees or family farm workers exceeded local government employees located outside Standard Metropolitan Statistical Areas by only 300,000 employees.

The national transition toward a services oriented economy is apparent from the 1958-78 growth rates for services (136 percent), State and local government (125 percent), finance, insurance and real estate (89 percent), and retail trade (87 percent)

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3/The metropolitan (SMSA) classification included counties that were: 1) Greater metropolitan--at least 1 million population in 1970. This was divided into "core" counties--those containing the primary central city--and the "fringe" counties--suburban counties. 2) Medium metropolitan--counties of SMSAs that have population from 250,000 to 999,999. 3) Small metropolitan--counties of less than 250,000 population. Nonmetropolitan counties included counties that were: 1) Urbanized--an aggregate urban population of at least 20,000 residents. 2) Less urbanized--an aggregate urban population of 2,500 to 19,999. 3) Totally rural--no urban population. Each nonmetropolitan category was separated into those counties adjacent to a SMSA and those not adjacent to a SMSA. This classification system is discussed in detail in (1, pp. 3, 4). This analysis is based on SMSA classifications as of 1975 to coordinate with other work being conducted on governmental employment. Adjacent-nonadjacent adjustments were made to accommodate the change from that used in (1).

4/This report is an outgrowth of a temporal study on local government employment. To accommodate the longitudinal study, it was necessary to combine Virginia independent cities with the counties of which they were formally a part and to exclude Alaska and Hawaii. In addition, it was necessary to aggregate a few areas to accommodate Census of Governments data availability. Therefore, not all of the available unpublished BEA data were utilized for this report.

(table 1). The rapid growth of State and local (hereafter referred to as SNL) governments resulted in governments employing an increasing percentage of the labor force and employment through time. In 1950 SNL governments employed 6.4 percent of the labor force and 9.1 percent of the employees on payrolls of nonagricultural establishments (table 2). By 1978, these percentages had increased to 12.4 percent and 14.8 percent, respectively. Private employment decreased about 1.8 million persons between 1974 and 1975 creating a condition where government employment as a percentage of either the labor force or employment peaked in 1975. As the economy recovered between 1975 and 1978, the percentage of the labor force and employment in SNL governments decreased although the percentages for 1978 remained higher than for 1974.

## STATE AND LOCAL GOVERNMENT EMPLOYMENT AND EARNINGS

With local government employees in nonmetropolitan areas approaching the total number of farm family workers, and with State and local governments accounting for an increasing proportion of employment, the public sector may be an important source of employment and earnings in local areas. The remainder of this paper examines SNL government employment-earnings relative to selected private sectors to determine the role of State and local governments in local county economies, especially those in nonmetropolitan America.

### The Importance of Government Employment

While employment by State and local governments increased rapidly for the past 20 years, the importance of governmental employment in local areas varied considerably. Employment by governments exceeded the employment in mining, construction, and the combined transportation-communications-public utilities sector in over 95 percent of the counties in both 1976 and 1969 (table 3). The differences between metropolitan and nonmetropolitan areas or their subclassifications were slight for these three sectors. For the purposes of this analysis, these three sectors are not particularly interesting.

Government employment was greater than the employment in the farming, wholesale-retail trade, or manufacturing sectors in approximately one-half of the U.S. counties (table 3). The percentage of counties with government employment larger than sector employment increased between 1969-76 for farming and manufacturing but remained basically unchanged for total trade. There was considerable variation among these sectors in the percentages of counties. Governmental employment was greater than farming employment in 85 percent of the metro counties compared with 40 percent of the nonmetro counties as might be expected. In contrast, government employment was greater than manufacturing employment in 38 percent of metro counties and 55 percent of nonmetro counties. For both farming and manufacturing, the percentage of nonmetro urbanized counties with government employment greater than sector employment was contained within the range of percentages for the metro classifications. The similarity between urbanized nonmetro and the metro classifications also persisted for the services and total trade sectors. In other words, urbanized nonmetro counties were more similar to metro counties than to the remaining nonmetro counties for the percentage of counties where governmental employment was larger than sector employment.

Government employment in totally rural counties, those counties with no population living in places of 2,500 or more, was larger than the selected private sectors employment in over three-fourths of the counties except for manufacturing in counties adjacent to SMSAs and agriculture-farming. Governmental employment was therefore more important for totally rural counties. That is, State and local governments provided more employment relative to private sectors in a larger percentage of totally rural counties. The changes in percentages between 1969 and 1976 were not consistent between counties adjacent to SMSAs and counties not adjacent to SMSAs. In general, the

Table 1--Total employment on payrolls of nonagricultural establishments and agricultural employment, 1978

Sector	Number	Change 1958-78	Sector	Number	Change 1958-78
	(thou.)	(Pct.)		(thou.)	(Pct.)
Manufacturing	20,332	27.5	Nondurable goods mfg.	8,172	14.8
Wholesale and retail trade	19,394	80.4	Wholesale trade	4,898	64.3
Services	15,979	136.2	Transportation and public utilities	4,859	22.2
Government <sup>1/</sup>	15,476	97.4	Finance, insurance, and real estate	4,676	88.5
Retail trade	14,496	86.6	Construction	4,212	49.5
State and local government	12,723	125.3	Agriculture	3,342	-40.2
Durable goods mfg.	12,160	37.7	Federal government	2,753	25.6
			Mining	837	11.5

<sup>1/</sup>Includes Federal, State and local government.

Source: (4)

Table 2--State and local government employment as a percentage of labor force and employment, 1970-78  
and selected years

Year	Labor force		Employment		Year	Labor force		Employment	
	Total <sup>1/</sup>	Civilian	Total <sup>2/</sup>	Private <sup>3/</sup>		Total <sup>1/</sup>	Civilian	Total <sup>2/</sup>	Private <sup>3/</sup>
-----Percent-----									
1950	6.4	6.6	9.1	10.5	1972	12.0	12.3	14.5	17.6
1955	6.9	7.3	9.3	10.8	1973	12.2	12.5	14.4	17.6
1960	8.4	8.7	11.2	13.3	1974	12.3	12.6	14.6	17.9
1965	10.0	10.3	12.7	15.2	1975	12.6	12.9	15.5	19.2
1970	11.4	11.9	13.9	16.8	1976	12.5	12.8	15.3	18.8
1971	11.7	12.1	14.3	17.5	1977	12.4	12.7	15.0	18.4
					1978	12.4	12.7	14.8	18.1

<sup>1/</sup>Includes Armed Forces<sup>2/</sup>Employment on payrolls of nonagricultural establishments excluding Armed Forces.<sup>3/</sup>Excludes governmental employment.

Source: (4)

Table 3--Counties where government employment exceeded private sector employment, by sector and metropolitan status, 1976 and 1969

Item	Number of Counties	Metropolitan										Nonmetropolitan					
		Greater			Medium			Small			All			Urbanized		Less urbanized	
		All	All	Core	Core	Fringe	Fringe	All	All	All	All	All	All	Adj. 1/	Adj. 2/	Adj. 1/	Adj. 2/
Farming	49.1	84.7	90.4	100.0	87.1	81.4	84.2	39.8	88.3	89.0	38.6	40.3	26.6	20.6	20.6	20.6	
Agriculture	48.4	83.8	89.8	100.0	86.4	80.6	82.7	39.1	88.3	86.9	37.6	39.8	25.0	20.6	20.6	20.6	
Mining	96.1	98.7	99.4	100.0	99.2	97.4	95.4	97.5	95.2	95.9	94.3	95.6	95.8				
Construction	98.3	98.4	98.9	97.8	99.2	97.3	99.5	98.2	100.0	98.6	98.0	98.6	97.2	97.8			
Manufacturing	51.5	38.1	34.5	22.2	38.6	35.0	45.4	55.1	36.2	42.8	40.8	51.8	68.1	74.9			
Trans-Util 3/	99.2	98.1	97.2	100.0	96.2	97.7	99.5	99.5	100.0	100.0	99.5	99.0	99.6	99.7			
Retail trade	69.7	45.0	36.2	17.8	42.4	49.8	46.4	76.2	52.8	42.1	76.6	70.9	89.9	91.2			
Trade	49.5	30.0	16.9	2.2	22.0	33.8	36.7	54.6	34.4	21.4	51.2	42.0	79.0	76.0			
Services	63.8	44.5	42.4	4.4	55.3	47.5	42.3	68.8	53.4	42.1	68.3	63.4	79.0	82.0			
1976																	
Farming	38.4	76.6	81.4	100.0	75.0	74.1	75.5	28.4	74.2	75.2	25.6	28.7	14.9	12.6			
Agriculture	37.6	74.8	80.2	100.0	73.5	72.6	73.0	27.8	72.4	73.8	25.4	27.9	14.5	12.3			
Mining	96.8	99.4	99.4	100.0	99.2	100.0	98.5	96.2	98.2	95.2	96.8	95.2	95.2	96.8			
Construction	97.7	98.0	99.4	100.0	99.2	97.7	96.9	97.7	98.8	99.3	97.7	98.0	96.0	97.3			
Manufacturing	47.1	30.8	26.6	8.9	32.6	27.4	39.3	51.3	31.9	35.2	36.5	47.9	62.1	73.9			
Trans-Util 3/	98.3	95.8	92.7	82.2	96.2	96.6	97.4	99.0	99.4	97.9	99.1	98.9	100.0	98.8			
Retail trade	62.4	41.0	30.5	8.9	37.9	45.2	44.9	67.9	46.0	35.9	64.6	61.3	84.7	85.7			
Trade	49.1	31.3	20.9	2.2	27.3	34.2	36.7	53.8	27.6	21.4	48.8	42.6	77.4	76.9			
Services	59.6	42.6	43.5	4.4	56.8	44.9	38.8	64.0	46.6	31.7	59.9	58.0	76.6	82.4			
1969																	
Farming	38.4	76.6	81.4	100.0	75.0	74.1	75.5	28.4	74.2	75.2	25.6	28.7	14.9	12.6			
Agriculture	37.6	74.8	80.2	100.0	73.5	72.6	73.0	27.8	72.4	73.8	25.4	27.9	14.5	12.3			
Mining	96.8	99.4	99.4	100.0	99.2	100.0	98.5	96.2	98.2	95.2	96.8	95.2	95.2	96.8			
Construction	97.7	98.0	99.4	100.0	99.2	97.7	96.9	97.7	98.8	99.3	97.7	98.0	96.0	97.3			
Manufacturing	47.1	30.8	26.6	8.9	32.6	27.4	39.3	51.3	31.9	35.2	36.5	47.9	62.1	73.9			
Trans-Util 3/	98.3	95.8	92.7	82.2	96.2	96.6	97.4	99.0	99.4	97.9	99.1	98.9	100.0	98.8			
Retail trade	62.4	41.0	30.5	8.9	37.9	45.2	44.9	67.9	46.0	35.9	64.6	61.3	84.7	85.7			
Trade	49.1	31.3	20.9	2.2	27.3	34.2	36.7	53.8	27.6	21.4	48.8	42.6	77.4	76.9			
Services	59.6	42.6	43.5	4.4	56.8	44.9	38.8	64.0	46.6	31.7	59.9	58.0	76.6	82.4			

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

3/Transportation, utilities, and communication.

percentage of counties with government employment greater than private sector employment increased more in those areas adjacent to SMSAs than in areas not adjacent to SMSAs.

The role of governments as a source of employment relative to selected private sectors sometimes varied by metropolitan status. There was little variation relative to mining, construction, and transportation-utilities sectors with governments almost always having more employees. For farming, manufacturing, trade and services, non-metro urbanized counties had results more like those found for metropolitan counties rather than those of the remaining nonmetro counties. A greater percentage of less urbanized and totally rural counties had more governmental employees than selected private sector employees except in farming and agriculture. Comparing governmental employment with individual sectors indicated the number of counties where governmental employment was larger than a specific sector but provided no direct information on governmental employment relative to all sectors within the county. The frequency of governmental employment exceeding sector employment is therefore discussed below.

The number of sectors within the county where government employment exceeded specified sector employment is discussed in this section. The number of sectors where government employment exceeded private sector employment established the basic rank of the public sector. Eight sectors were included for examination: construction, farming, manufacturing, mining, retail trade, services, total trade, and transportation-communications-utilities (TCU). <sup>5/</sup> Therefore, the number of sectors where government employment could exceed private sector employment ranged from 0 to 8. Employment in construction, mining, and TCU exceeded governmental employment in relatively few counties but could be especially important in some nonmetro counties. Therefore, including these sectors placed the practical floor at 3 for many counties.

State and local governments had more employment than any other sector in over 11 percent of the counties in 1976, an increase from 8 percent in 1969 (table 4). In both 1976 and 1969, governments had the most employees of any sector in fewer nonmetro counties than metro counties. In contrast, when first and second largest employers were examined in combination, a greater percentage of nonmetro counties than metro counties had governments as either the first or second most important employer. That is, governmental employment exceeded the employment of either 7 out of 8 or all 8 sectors in 29 percent of metro and 40 percent of nonmetro counties in 1976. In 1969, these percentages were 25 percent and 35 percent, respectively. Governments were either the first or second most important employer in over one-half of totally rural counties in 1976. In those totally rural counties where government was the second most important employer, farming was probably the most important employer.

The percentage of the county work force employed by State and local governments was the third way of examining the relative importance of governmental employment in local economies. While the national average was over 15 percent SNL government (table 2), almost 60 percent of the U.S. counties had less than 15 percent of the work force employed by SNL governments (table 5). Governments employed less than ten percent of the work force in about 14 percent of the U.S. counties. Almost 65 percent of the metro counties and 58 percent of the nonmetro counties had less than 15 percent of the total work force employed by government. Less than one-half of totally rural counties but over 60 percent of the remaining nonmetro counties had governmental employment accounting for less than 15 percent of the work force. The percentages associated with fringe, medium, and small metro counties were similar to urbanized and less urbanized nonmetro counties.

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<sup>5/</sup>The "agriculture" sector was dropped from this analysis since there were only slight differences found between "farming" and "agriculture". Although retail trade is a component of total trade, there were considerable differences between the two as illustrated in table 3.

Table 4--Frequency distribution of counties based on the number of sectors where government employment exceeded sector employment, by metropolitan status, 1976 and 1969

Item	United States	Metropolitan						Nonmetropolitan						
		Greater			Medium			Small			Urbanized			
		All	All	Core	Fringe	All	Adj. 1/	All	Adj. 1/	All	Adj. 1/	All	Adj. 2/	
Percent														
1976														
0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.4	0.1	0.0	
2	0.3	0.5	0.6	0.0	0.8	0.4	0.5	0.2	0.0	0.0	0.2	0.6	0.0	
3	5.5	4.4	2.8	2.2	3.0	6.1	3.6	5.8	4.9	5.5	8.1	9.2	2.0	
4	18.5	36.5	40.1	68.9	30.3	33.8	36.7	13.7	31.9	36.6	14.1	16.2	5.2	
5	17.0	16.8	19.2	15.6	20.5	17.1	14.3	17.0	14.7	20.0	20.8	19.6	13.3	
6	20.7	12.4	19.2	11.1	22.0	10.3	9.2	22.9	14.1	11.0	22.9	21.8	12.0	
7	26.5	16.4	10.2	0.0	13.6	18.3	19.4	29.2	12.9	13.1	22.7	21.6	46.8	
8	11.4	13.1	7.9	2.2	9.8	14.1	16.3	10.9	21.5	13.8	10.9	10.8	10.9	
1969														
0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	
1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	
2	0.6	0.8	1.1	0.0	1.5	0.8	0.5	0.5	0.6	0.6	0.7	1.1	0.6	
3	9.8	7.9	8.5	15.6	6.1	9.1	5.6	10.4	16.0	15.9	13.1	14.8	2.8	
4	21.0	38.1	40.1	73.3	28.8	36.1	38.8	16.6	29.4	36.6	18.4	20.4	7.3	
5	17.0	17.5	21.5	2.2	28.0	15.6	16.3	16.9	11.0	17.9	21.3	16.7	19.4	
6	18.7	11.0	11.3	6.7	12.9	11.4	10.2	20.7	14.1	8.3	20.6	20.0	27.8	
7	24.8	14.0	9.0	2.2	11.4	15.6	16.3	27.6	14.7	8.3	19.3	19.9	36.3	
8	8.0	10.8	8.5	0.0	11.4	11.4	12.2	7.3	14.1	12.4	6.1	7.6	48.9	

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

Table 5--Frequency distribution of counties based on the percentage government employment is of total employment, by metropolitan status, 1976 and 1969

Percent	United States	Metropolitan						Nonmetropolitan					
		Greater			Medium			Small			Urbanized		
		A11	A11	A11	Core	Fringe	Medium	Small	A11	A11	Adj. 1/	Adj. 2/	Adj. 1/
Percent													
1976													
less than 5		0.3	0.3	0.6	0.0	0.8	0.0	0.5	0.3	0.0	1.4	0.0	0.8
5-9		13.4	16.5	9.6	15.6	7.6	20.5	17.3	12.6	15.3	18.6	13.4	13.7
10-14		45.8	47.8	59.3	75.6	53.8	43.0	43.9	45.2	46.0	46.2	52.6	48.7
15-19		25.5	20.6	21.5	6.7	26.5	19.4	21.4	26.8	20.2	24.1	22.2	24.8
20-24		8.5	8.5	6.2	2.2	7.6	10.3	8.2	8.5	7.4	5.5	7.7	7.1
25-29		3.4	3.6	1.1	0.0	1.5	4.6	4.6	3.4	3.7	2.8	2.0	2.9
30 or more		3.1	2.7	1.7	0.0	2.3	2.3	4.1	3.2	7.4	1.4	2.1	2.9
1969													
less than 5		0.7	0.6	0.6	0.0	0.8	0.0	1.5	0.7	1.2	4.8	0.2	0.3
5-9		26.9	34.3	31.1	62.2	20.5	38.4	31.6	25.0	37.4	26.2	30.4	26.9
10-14		43.3	40.3	46.9	31.1	52.3	35.0	41.3	44.1	33.1	44.8	46.0	46.2
15-19		19.0	14.3	13.0	6.7	15.2	15.6	13.8	20.3	14.1	15.9	16.3	18.2
20-24		5.7	5.5	5.6	0.0	7.6	5.3	5.6	5.8	3.7	5.5	4.1	4.6
25-29		2.2	3.5	2.3	0.0	3.0	4.6	3.1	1.9	3.1	1.4	1.6	2.1
30 or more		2.1	1.6	0.6	0.0	0.8	1.1	3.1	2.3	7.4	1.4	1.4	1.7

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

Farming was the most important sector in totally rural counties not adjacent to SMSAs followed by government, manufacturing, and total trade employment based on average employment in each sector (table 6). In totally rural counties adjacent to SMSAs, farming was still the dominant employer followed by manufacturing, government and total trade. For the remaining categories of nonmetro counties, manufacturing was the most important source of employment while government was no higher than the third most important sector.

In summary, the role of governmental employment varied by geographic area. The distinctions between metro and nonmetro counties were slight for the mining, construction, and TCU sectors. For the six remaining sectors, the distinctions between metro and nonmetro counties were quite clear. However, there was as much variation within nonmetro categories as between metro-nonmetro classifications. Nonmetro urbanized counties were more similar to metro counties in the number of counties where government exceeded private sectors than to the remaining classifications of nonmetro counties. For the number of sectors exceeded by government and the percentage of the labor force employed by government, rural counties varied from urbanized and less urbanized counties.

The role of governmental employment in local economies also varied by the type of measure used. Government employment was greater than the employment of all specified sectors (except for farming-agriculture) in over one-half of the nonmetro counties. Government employment was the most important source of employment in 11 percent and was the second most important employer in 29 percent of nonmetro counties (despite the general percent of counties where government employment exceeded private employment). In 60 percent of the counties, government employment ranked no higher than third.

Although SNL governments were either the first or second most important employer in 40 percent of nonmetro counties, governments had as much as 25 percent of total employment in less than seven percent of nonmetro counties. Government employment was less than 15 percent of total employment in 58 percent of nonmetro counties. Although SNL governments did not represent an overly large share of employment in a majority of counties, average sector employment indicated that governments were the second most important employer in totally rural counties not adjacent to a SMSA but ranked no higher than third in the remaining nonmetro counties. In almost all cases, the role of government employment in local economies was greater in 1976 than in 1969.

#### The Importance of Government Earnings

Employment alone may not necessarily be the best measure of the role or importance of governments in local economies. If governments have higher pay scales than other sectors (as is frequently assumed) the earnings received from governmental employment may indicate an increase in the number of counties where governments have a more important role in the local economy than employment indicated. The examination of the role of governmental earnings in the local economy parallels the discussion of employment. The earnings analysis is not discussed in the same detail as the employment analysis however.

Earnings from government employment exceeded the earnings from private sector employment in a majority of counties (table 7). As occurred for employment, the percentage of counties with government earnings exceeding private sector earnings generally increased between 1969 and 1976. The percentage of nonmetro counties with government earnings exceeding private sector earnings increased from the employment analysis for farming-agriculture, total trade, and services and decreased for the remaining sectors

Table 6--Average county employment for selected sectors, by metropolitan status, 1976 and 1969

Item	United States	Metropolitan						Nonmetropolitan						
		Greater			Medium			Urbanized			Less urbanized			
		A11	A11	A11	Small	Medium	Medium	All	Adj. 1/	Adj. 1/	Adj. 1/	Adj. 2/	Adj. 2/	
1976														
Farming	1377	1890	1710	2364	1487	2043	1846	1243	2274	1712	1543	1224	854	755
Agriculture	1488	2262	2296	3797	1785	2432	2002	1286	2542	1783	1579	1252	865	765
Mining	253	519	776	2338	244	480	340	183	321	448	182	221	91	75
Construction	1163	4299	8180	22241	3386	3457	1924	342	1132	1132	335	292	138	86
Manufacturing	6199	22512	44790	132377	14930	17906	8573	1930	7714	5135	2166	1580	573	344
Trans-Util 3/	1476	5810	12772	40996	3151	3967	1996	342	1147	1271	314	302	94	75
Retail trade	4304	16303	33173	93906	12469	12210	6561	1164	4388	3806	1094	995	320	264
Trade	5787	22281	46772	137366	15887	16185	8344	1471	5296	4863	1389	1292	403	343
Services	5248	20569	44951	139409	12750	14067	7274	1238	4466	4023	1194	1036	383	323
Government	3991	13856	26300	75165	9641	10860	6637	1409	4977	3787	1445	1197	552	441
1969														
Farming	1451	1931	1753	2297	1568	2028	1961	1326	2276	1852	1657	1309	929	817
Agriculture	1533	2175	2183	3309	1800	2249	2069	1365	2435	1924	1696	1345	942	831
Mining	202	437	635	1851	221	432	264	141	284	364	141	163	65	51
Construction	1170	4524	9181	26470	3287	3475	1726	292	1075	952	271	250	100	68
Manufacturing	6601	24823	51491	156700	15624	19052	8483	1831	7973	4961	1984	1429	502	295
Trans-Util 3/	1443	5764	13173	43920	2691	3721	1815	312	1064	1174	284	277	79	64
Retail trade	3634	13824	29404	88061	9407	9807	5145	967	3591	3004	937	837	285	230
Trade	4846	18968	41719	130244	11541	12988	6445	1149	4208	3716	1103	998	326	264
Services	4316	16858	37576	121392	9002	11055	5936	1033	3674	3391	1012	871	334	247
Government	3145	10955	21382	62553	7346	8372	5006	1100	3841	2947	1123	942	430	355

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

3/Transportation, utilities, and communication.

Table 7--Counties where earnings from government employment exceeded private sector employment earnings, by sector and metropolitan status, 1976 and 1969

Item	United States	Metropolitan						Nonmetropolitan						
		Greater			Medium			Small			Urbanized			
		All	All	Core	All	Core	Fringe	All	All	Adj. 1/	Non-	Adj. 1/	Non-	
Percent														
1976														
Farming	54.2	84.3	88.7	100.0	84.8	82.9	82.1	46.4	77.3	77.2	44.0	46.5	37.9	36.1
Agriculture	53.2	83.0	87.6	100.0	83.3	82.5	79.6	45.4	76.1	75.9	42.9	45.1	37.1	35.8
Mining	90.9	96.9	97.7	97.8	97.0	95.9	89.3	95.1	89.7	90.2	88.7	87.5	88.4	
Construction	93.3	90.9	92.7	97.8	90.9	89.0	91.8	94.0	96.3	91.0	94.5	94.1	94.4	93.3
Manufacturing	41.2	24.2	20.9	6.7	25.8	20.5	32.1	45.6	27.0	30.3	29.2	41.0	58.1	69.9
Trans-Util 3/	90.6	86.2	84.2	68.9	89.4	85.2	89.3	91.8	95.1	82.8	93.9	88.5	91.1	95.2
Retail trade	66.9	56.3	54.2	48.9	56.1	58.6	55.1	69.6	57.7	48.3	68.9	61.6	84.7	82.0
Trade	56.6	48.3	44.6	44.4	44.7	51.3	47.4	58.8	50.9	43.4	55.5	49.4	77.4	71.2
Services	63.7	41.5	33.3	6.7	42.4	45.2	43.9	69.5	51.5	39.3	72.3	63.9	85.5	79.2
1969														
Farming	40.2	75.6	82.5	100.0	76.5	72.6	73.5	30.9	66.9	64.1	30.6	28.7	25.0	18.3
Agriculture	39.1	74.5	81.4	100.0	75.0	71.5	72.4	29.9	63.8	63.4	29.7	28.0	23.8	17.5
Mining	93.2	97.6	97.7	100.0	97.0	98.5	96.4	92.0	95.1	90.3	92.1	91.0	89.1	93.8
Construction	90.0	84.1	81.9	82.2	81.8	82.5	88.3	91.5	90.2	89.7	91.1	92.0	91.5	92.2
Manufacturing	39.9	21.7	18.1	2.2	23.5	17.5	30.6	44.7	25.8	26.2	29.3	40.3	54.0	69.7
Trans-Util 3/	89.5	82.5	77.4	46.7	87.9	83.3	86.2	91.4	95.1	80.0	91.6	88.8	94.4	94.7
Retail trade	44.6	39.8	28.8	17.8	32.6	45.2	42.3	45.8	39.3	33.8	39.5	37.7	65.7	57.7
Trade	35.7	33.5	23.2	15.6	25.8	37.3	37.8	36.3	33.7	25.5	29.9	27.7	58.5	46.4
Services	56.7	35.7	29.4	4.4	37.9	38.4	37.8	62.2	41.1	34.5	59.6	53.1	81.0	80.0

1/Adjacent to a SMSA

2/Not adjacent to a SMSA.

3/Transportation, utilities, and communication.

(tables 3, 7). 6/ More counties in less urbanized and totally rural areas had government earnings greater than farming earnings than what occurred for employment but the opposite occurred for urbanized counties. While the results were somewhat mixed, government generally exceeded the private sector in more counties when employment was examined than when earnings were examined.

Governmental earnings were the most important single source of earnings within the county in almost 11 percent of the counties (table 8). The percentage of metro counties where governmental earnings were either the first or second most important source of earnings increased from 22 percent in 1969 to 30 percent in 1976. Governmental earnings were the first or second most important source of earnings in 38 percent of all nonmetro counties but one-half of those totally rural counties not adjacent to a SMSA. The number of nonmetro counties where government ranked high (i.e. 1 or 2) was greater for earnings than for employment only in urbanized counties.

While 60 percent of the counties had less than 15 percent of the work force employed by SNL governments, 65 percent of the counties had governmental earnings representing less than 15 percent of total earnings (table 9). In contrast, governmental earnings were less than 15 percent of total earnings in 76 percent of U.S. counties in 1969. About 63 percent of nonmetro counties had less than 15 percent but nine percent of the counties had over 25 percent of their earnings coming from SNL governmental employment.

Based on average sector earnings, farming was the most important sector in totally rural counties not adjacent to SMSAs followed by manufacturing, government and trade (table 10). This hierarchy is similar to the one found for employment except that manufacturing and government changed places. That is, the county average earnings from manufacturing was greater than the average earnings from government despite government having more employees. A greater percentage of counties with both relatively low and relatively high percentages of earnings were found than occurred with employment. That is, more counties were included in both ends of the distribution.

The differences in the number of counties found between the employment and income analyses could occur for several reasons. First, employment was based on the total number of persons working and not on full-time equivalents. Therefore, differences in the usage of part-time personnel could create the shift between the employment and earnings comparisons. Second, assuming equal distributions of part-time and full-time personnel, perhaps governments paid less on the average and/or purchased different skills than the private sectors. Where the percentage of counties with government earnings exceeding sector earnings was greater than the percentage of counties with government employment exceeding sector employment, such as trade and services in nonmetro areas, either governments provided fewer part-time opportunities or paid better on the average than the sector.

#### Regional Variations

The percentage of counties with government employment greater than employment of private sectors varied dramatically between geographic regions. For example, government employment was greater than farming employment in 96 percent of the counties in the Northeast but only 39 percent of the counties in the North Central region (table 11). Government employment was greater than manufacturing employment in 26 percent of the Northeast counties but 79 percent of the Western counties. While the percentage

6/Farm proprietors earnings and farm labor wage and salary earnings were combined. The combined total resulted in negative income for some counties since negative proprietors' earnings were possible. This would tend to overstate the magnitude of government relative to farming.

Table 8--Frequency distribution of counties based on the number of sectors where earnings from government employment exceeded sector employment earnings, by metropolitan status, 1976 and 1969

Item	United States	Metropolitan						Nonmetropolitan					
		Greater			Medium			Urbanized			Less urbanized		
		All	All	Core	Fringe	Small	All	All	All	Non-	Non-	Adj. 1/	Totally rural
Percent													
0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1	0.5	0.8	0.6	2.2	0.0	1.1	0.5	0.4	0.0	0.7	0.5	0.6	0.2
2	2.7	4.1	1.7	0.0	2.3	4.9	5.1	2.3	1.2	6.2	2.5	3.9	0.3
3	10.7	12.7	15.3	17.8	14.4	12.5	10.7	10.1	16.0	20.0	11.6	13.3	4.4
4	16.2	21.4	22.6	31.1	19.7	20.5	21.4	14.8	20.9	22.1	14.5	18.8	7.7
5	12.4	11.8	13.6	13.3	13.6	9.5	13.3	12.5	9.8	6.9	13.6	13.0	11.7
6	20.9	18.9	23.7	26.7	22.7	18.3	15.3	21.5	13.5	14.5	25.6	18.1	28.2
7	20.9	19.2	14.7	6.7	17.4	22.8	18.4	27.6	22.1	17.9	23.4	22.0	33.9
8	10.8	11.2	7.9	2.2	9.8	10.3	15.3	10.7	16.6	11.7	8.1	10.4	13.3
1969													
0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1	0.9	1.3	1.7	0.0	2.3	0.8	1.5	0.8	0.0	2.1	1.3	1.1	0.2
2	4.8	7.1	5.6	13.3	3.0	10.3	4.1	4.2	3.7	10.3	5.0	5.5	2.0
3	18.5	19.8	28.2	40.0	24.2	16.7	16.3	18.1	28.8	24.1	21.1	25.6	7.0
4	22.4	28.0	27.7	26.7	28.0	27.0	29.6	21.0	23.9	26.9	25.2	22.5	14.6
5	15.6	10.2	10.7	6.7	12.1	8.4	12.2	17.0	6.7	7.6	17.5	13.4	25.1
6	15.4	11.3	10.2	11.1	9.8	12.2	11.2	16.4	6.7	7.6	13.6	15.3	21.3
7	15.8	13.8	10.7	2.2	13.6	16.7	12.8	16.3	17.2	13.1	11.3	10.8	24.5
8	6.7	8.5	5.1	0.0	6.8	8.0	12.2	6.3	12.9	8.3	5.0	5.7	5.7

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

Table 9--Frequency distribution of counties based on the percentage earnings from governmental employment is of total earnings, by metropolitan status, 1976 and 1969

Percent	United States	Metropolitan						Nonmetropolitan						
		Greater			Medium			Small			Urbanized			
		All	Core	Fringe	All	Core	Fringe	All	Core	Fringe	All	Core	Fringe	
Percent														
1976														
less than 5	1.2	1.4	0.6	0.0	0.8	1.5	2.0	1.2	1.8	2.1	1.3	0.6	1.6	
5-9	25.6	33.2	28.2	44.4	22.7	35.4	34.7	23.6	28.2	35.9	25.6	26.1	18.5	
10-14	38.3	37.3	49.2	48.9	49.2	34.2	30.6	38.5	39.3	37.2	42.6	42.3	30.6	
15-19	18.6	14.0	14.1	6.7	16.7	13.3	14.8	19.8	13.5	14.5	17.9	16.9	24.2	
20-24	8.2	7.7	4.5	0.0	6.1	8.7	9.2	8.3	4.9	6.9	7.2	6.6	12.5	
25-29	3.5	3.5	1.1	0.0	1.5	4.2	4.6	3.5	4.3	1.4	2.0	3.2	6.0	
30 or more	4.6	3.0	2.3	0.0	3.0	2.7	4.1	5.0	8.0	2.1	3.6	4.3	6.5	
1969														
less than 5	1.6	2.5	1.1	0.0	1.5	1.9	4.6	1.4	1.8	6.2	1.3	0.8	1.6	
5-9	37.3	47.2	54.8	82.2	45.5	46.8	40.8	34.8	47.9	41.4	38.8	38.8	22.2	
10-14	36.8	27.4	25.4	11.1	30.3	29.3	26.5	39.3	27.6	31.7	40.1	40.8	41.1	
15-19	13.8	13.7	13.6	6.7	15.9	11.8	16.3	13.9	9.8	12.4	12.0	10.1	19.8	
20-24	5.2	3.9	1.7	0.0	2.3	4.6	5.1	5.5	2.5	6.2	4.1	5.3	7.7	
25-29	2.5	3.0	1.7	0.0	2.3	4.2	2.6	2.4	2.5	0.0	1.4	2.5	4.4	
30 or more	2.7	2.4	1.7	0.0	2.3	1.5	4.1	2.8	8.0	2.1	2.3	1.7	3.2	

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

Table 10--Average county earnings in selected sectors, by metropolitan status, 1976 and 1969

Item	United States	Metropolitan						Nonmetropolitan						
		Greater			Medium			Urbanized			Less urbanized			
		All	All	Core	Fringe	Small	All	All	Adj. 1/	Non- Adj. 2/	Adj. 1/	Non- Adj. 2/	Adj. 1/	
--thousand dollars--														
1976														
Farming	14000	20235	16115	28039	12049	24127	18733	12368	28710	17909	15619	11291	7714	6775
Agriculture	15008	23591	21989	41601	15303	27292	20070	12762	30733	18577	16005	11586	7846	6895
Mining	4940	10431	16872	52285	4799	9254	6194	3503	6218	8103	3495	4330	1665	1439
Construction	18946	72446	146785	404064	59077	54926	28822	4943	17020	16082	4786	4106	2104	1293
Manufacturing	88230	340817	704368	2079540	235559	259513	121607	22121	98531	63198	24007	16559	5635	3143
Trans-Util 3/	25201	101402	232492	752901	55080	65558	31116	5257	17786	19662	4790	4616	1455	1150
Retail trade	35497	135779	287526	821270	105567	96689	51193	9250	34361	29478	8898	7906	2664	2202
Trade	37528	142522	299993	853863	111174	102032	54647	10048	36872	31622	9754	8639	2944	2446
Services	55584	229570	538143	1656681	156823	142566	67655	10047	39626	34984	9037	7968	2802	2408
Government	39572	147319	305832	897978	103963	105610	60139	11372	43943	32517	11312	9278	3995	3024
1969														
Farming	10035	12763	10802	16811	8753	14441	12283	9321	17955	11671	11230	9472	5759	5926
Agriculture	10610	14493	14021	23956	10634	15915	13013	9594	18979	12114	11528	9715	5881	6030
Mining	1947	4488	7219	21707	2280	4162	2458	1282	2741	3369	1285	1485	575	429
Construction	12366	49168	105819	306370	37449	35338	16567	2734	10785	8551	2516	2261	959	642
Manufacturing	56267	223495	485149	1475095	147668	161705	70118	12498	60466	35796	13071	8901	2823	1601
Trans-Util 3/	13718	55882	133122	446341	26343	33871	15666	2683	9276	9993	2429	2365	718	556
Retail trade	20862	80120	177134	532378	56028	53968	27603	5352	19758	16075	5277	4621	1612	1339
Trade	22235	84482	185367	554689	59461	57424	29684	5943	21491	17476	5926	5185	1847	1549
Services	29424	121442	290781	923300	75150	72204	34589	5340	20900	18254	4888	4283	1673	1193
Government	19320	72132	152435	458268	48173	50714	28354	5498	21235	15690	5421	4517	1917	1483

1/Adjacent to a SMSA.

2/Not adjacent to a SNSA:

2/NOT adjacent to a SMSA.  
3/Transportation, utilities, and communication.

Table 11--Counties where government employment exceeded private sector employment, by region and metropolitan status, 1976

Item	All counties	All Metropolitan	Nonmetropolitan					
			Urbanized			Less urbanized		
			All	Adj. 1/	Adj. 2/	All	Adj. 1/	Adj. 2/
--Percent--								
Northeast								
Farming	96.2	99.0	94.0	100.0	90.0	96.4	95.8	83.3
Mining	99.1	100.0	98.3	97.3	100.0	96.4	100.0	100.0
Manufacturing	25.8	19.6	31.0	21.6	30.0	39.3	20.8	66.7
Retail trade	54.9	35.1	71.6	51.4	90.0	89.3	75.0	83.3
Total trade	40.4	25.8	52.6	27.0	40.0	78.6	54.2	83.3
Services	48.4	35.1	54.1	54.1	60.0	82.1	50.0	66.7
North Central								
Farming	39.0	80.0	30.2	92.3	92.9	25.9	33.3	12.5
Mining	98.3	98.9	98.2	100.0	100.0	96.4	98.9	98.2
Manufacturing	57.9	28.6	64.1	21.2	40.5	49.7	58.6	78.6
Retail trade	69.9	42.2	75.7	46.2	35.7	78.2	66.7	83.9
Total trade	45.9	26.5	50.0	28.8	16.7	48.2	34.9	62.5
Services	71.3	47.0	76.4	48.1	40.5	80.7	70.9	87.5
South								
Farming	45.8	82.0	36.2	86.3	85.9	37.7	32.9	25.0
Mining	95.0	97.9	94.2	96.1	95.3	94.9	92.3	94.9
Manufacturing	42.4	43.6	42.1	41.2	31.3	32.3	37.1	60.9
Retail trade	71.4	50.9	76.9	45.1	35.9	74.4	72.3	94.2
Total trade	52.7	35.3	57.3	31.4	18.8	49.5	46.5	85.9
Services	57.0	47.1	59.7	43.1	32.8	56.2	52.3	74.4
West 3/								
Farming	62.0	89.2	56.9	65.2	89.7	70.3	63.9	50.0
Mining	92.9	100.0	91.6	95.7	86.2	100.0	88.2	93.3
Manufacturing	79.3	67.7	81.5	82.6	75.9	62.2	81.5	86.7
Retail trade	71.3	41.5	76.9	87.0	48.3	75.7	75.6	80.0
Total trade	52.6	23.1	58.1	65.2	27.6	59.5	43.7	73.3
Services	75.2	40.0	81.8	87.0	58.6	89.2	79.0	90.0

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

3/Excludes Alaska and Hawaii.

of counties differed between regions, the percentage of counties with government employment exceeding sector (except for farming and mining) employment was almost always higher in nonmetro counties than in metro counties regardless of region. In addition, the percentage of nonmetro counties generally varied inversely with the size of the urban population except no systematic pattern seemed to exist in the West. More nonmetro counties adjacent to SMSAs had government exceeding private sector employment than occurred in counties not adjacent to SMSAs. The role of State and local governments generally increased as counties became more rural.

The relationship between the percentage of counties with government employment exceeding private sector employment and the percentage with government income exceeding private sector income (table 12) was generally consistent between regions. With the exception of farming and total trade, the percentage of counties with government exceeding the private sector was generally greater for employment than for earnings.

The percentage of counties with governments either the first or second most important source of employment varied from 32 percent in the South to 52 percent in the West (table 13). The percentage of counties with government employment either the primary or secondary source of employment was higher in nonmetro than in metro areas except in the South where both areas were equal. Generally, a greater proportion of totally rural counties had government employment as either the first or second most important source of employment than did other nonmetro counties except in the Northeast. In most cases, a smaller percentage of counties had government earnings as a major source of earnings than occurred for employment (table 14).

The percentage of counties where government employment represented less than 15 percent of total employment varied from 68 percent in the South to 41 percent in the West (table 15). Counties with government employment accounting for as much as 25 percent of total employment varied from 11 percent in the West to slightly less than six percent in the North Central and Southern regions. With the exception of the South, metro counties tended to have a smaller percentage of total employment in government than did nonmetro counties. No consistent pattern seemed to exist within nonmetropolitan areas across regions.

Examining government earnings relative to total earnings, the percentage of counties shifted toward the two ends of the distribution compared to what was found for employment (table 16). While the percentage of counties with less than 15 percent of earnings increased considerably, the increase in those counties with more than 25 percent of earnings from government was fairly small. The percentage of counties with a high proportion of earnings from government decreased only in the Northeast.

## CONCLUSIONS

The role of governmental employment varied by metropolitan status, by the type of measure used and by geographic region. In general, more nonmetro counties had government employment-earnings greater than private sector employment-earnings than occurred in metro counties. While governments were either the first or second most important employer in 40 percent of nonmetro U.S. counties, governments had as much as 25 percent of total employment in less than seven percent of nonmetro counties. Governmental earnings tended to be less important relative to private sector earnings than occurred for employment. The distribution of counties based on governmental earnings relative to total earnings resulted in a greater percentage of counties on both ends of the distribution than occurred for employment.

Table 12--Counties where earnings from governmental employment exceeded private sector employment earnings, by region and metropolitan status, 1976

Item	All counties	Metropolitan	Nonmetropolitan					
			Urbanized			Less urbanized		
			All	Adj. 1/	Adj. 2/	Non- Adj. 1/	Non- Adj. 2/	Totally rural
Percent								
Northeast								
Farming	93.0	96.9	89.7	100.0	90.0	89.3	87.5	83.3
Mining	96.2	96.9	95.7	94.6	100.0	92.9	95.8	100.0
Manufacturing	16.9	12.4	20.7	16.2	20.0	17.9	16.7	36.4
Retail trade	67.1	63.9	69.8	56.8	90.0	92.9	54.2	83.3
Total trade	59.6	56.7	62.1	51.4	70.0	89.3	45.8	50.0
Services	41.8	30.9	50.9	48.6	40.0	67.9	41.7	66.7
North Central								
Farming	42.2	75.7	35.1	71.2	71.4	23.9	38.7	17.9
Mining	94.6	97.3	94.0	98.1	95.2	92.4	94.3	96.4
Manufacturing	44.6	17.3	50.5	17.3	28.6	32.0	40.6	62.5
Retail trade	64.5	52.4	67.1	50.0	52.4	68.5	57.5	76.8
Total trade	51.3	44.3	52.8	40.4	47.6	49.2	42.9	62.5
Services	65.5	44.3	70.0	44.2	45.2	75.1	64.0	85.7
South								
Farming	54.7	85.1	46.7	80.4	78.1	50.8	41.9	40.4
Mining	88.9	95.8	87.1	92.2	87.5	88.2	86.8	85.9
Manufacturing	35.3	28.7	37.0	27.5	20.3	25.9	34.5	51.9
Retail trade	65.2	52.9	68.4	49.0	34.4	65.0	61.3	86.5
Total trade	56.7	45.3	59.7	43.1	31.3	55.2	51.3	82.1
Services	62.8	43.6	67.9	45.1	29.7	69.0	61.0	84.6
West 3/								
Farming	63.5	86.2	59.2	47.8	79.3	62.2	67.2	53.3
Mining	85.2	100.0	82.4	95.7	82.8	91.9	79.8	76.7
Manufacturing	64.7	41.5	69.1	65.2	58.6	48.6	63.9	83.3
Retail trade	78.3	70.8	79.8	95.7	58.6	83.8	73.1	90.0
Total trade	68.4	60.0	69.9	91.3	55.2	64.9	59.7	86.7
Services	73.5	40.0	79.8	87.0	51.7	86.5	75.6	93.3

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

3/Excludes Alaska and Hawaii.

Table 13--Distribution of counties based on the frequency where government employment exceeded sector employment, by region and metropolitan status, 1976

Item	All counties	Metropolitan	Nonmetropolitan						Totally rural							
			Urbanized			Less urbanized			Adj. 1/ :	Adj. 2/ :	Adj. 1/ :					
			All	Adj. 1/ :	Non- Adj. 2/ :	All	Adj. 1/ :	Non- Adj. 2/ :								
Percent																
Northeast																
1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
3	0.9	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
4	36.2	56.7	19.0	29.7	10.0	3.6	29.2	0.0	0.0	18.2	18.2					
5	14.1	7.2	19.8	27.0	40.0	10.7	8.3	16.7	16.7	27.3	27.3					
6	10.3	7.2	12.9	16.2	10.0	10.7	12.5	12.5	16.7	9.1	9.1					
7	23.9	14.4	31.9	16.2	10.0	50.0	37.5	33.3	33.3	45.5	45.5					
8	14.6	12.4	10.8	30.0	25.0	12.5	12.5	33.3	33.3	0.0	0.0					
North Central																
1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
2	0.4	0.0	0.5	0.0	0.0	0.5	0.5	1.1	0.0	0.0	0.0					
3	5.7	5.4	5.7	5.8	7.1	6.6	10.7	3.6	0.4	3.6	0.4					
4	17.8	42.2	12.6	44.2	38.1	12.2	13.8	8.9	8.9	2.3	2.3					
5	15.5	13.5	15.9	5.8	14.3	21.8	19.5	8.9	8.9	11.5	11.5					
6	20.1	12.4	21.7	17.3	16.7	21.8	21.5	23.2	23.2	23.3	23.3					
7	30.6	16.2	33.7	5.8	9.5	27.9	21.5	50.0	50.0	56.1	56.1					
8	10.0	10.3	9.9	21.2	14.3	9.1	11.9	5.4	5.4	6.5	6.5					
South																
1	0.2	0.0	0.3	0.0	0.0	0.7	0.3	0.0	0.0	0.0	0.0					
2	0.2	0.7	0.1	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0					
3	7.3	4.8	7.9	7.8	7.8	10.8	11.3	1.3	1.3	4.1	4.1					
4	18.8	28.7	16.2	33.3	43.8	17.5	20.3	4.5	4.5	5.0	5.0					
5	18.6	20.1	18.2	19.6	18.8	20.5	22.3	15.4	15.4	10.9	10.9					
6	23.1	13.5	25.7	5.9	10.9	25.6	20.0	28.8	28.8	40.5	40.5					
7	22.4	18.3	23.5	13.7	9.4	17.5	20.0	40.4	40.4	30.9	30.9					
8	9.3	13.8	8.1	19.6	9.4	7.4	5.5	9.6	9.6	8.6	8.6					
West <sup>3/</sup>																
1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
2	0.2	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
3	1.7	3.1	1.4	4.3	0.0	0.0	2.5	3.3	3.3	0.0	0.0					
4	9.7	24.6	6.9	4.3	27.6	5.4	8.4	3.3	3.3	1.9	1.9					
5	17.0	26.2	15.3	4.3	24.1	24.3	15.1	10.0	10.0	13.9	13.9					
6	19.7	15.4	20.5	21.7	3.4	16.2	29.4	13.3	13.3	18.5	18.5					
7	31.1	10.8	35.0	21.7	27.6	16.2	22.7	46.7	46.7	56.5	56.5					
8	20.4	18.5	20.8	43.5	17.2	37.8	21.8	23.3	23.3	9.3	9.3					

<sup>1</sup>/Adjacent to a SMSA.

<sup>2</sup>/Not adjacent to a SMSA.

<sup>3</sup>/Excludes Alaska and Hawaii.

Table 14--Distribution of counties based on the frequency where earnings from government exceeded earnings from sector employment, by region and metropolitan status, 1976

Item	All countries	Metropolitan	Nonmetropolitan							
			Urbanized			Less urbanized				
			All	Adj. 1/	Adj. 2/	All	Adj. 1/	Adj. 2/		
--Percent--										
Northeast										
0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
2	1.4	1.0	1.7	2.7	0.0	0.0	0.0	0.0		
3	9.4	14.4	5.2	8.1	0.0	0.0	12.5	0.0		
4	19.7	20.6	18.9	20.0	7.1	37.5	0.0	18.2		
5	11.3	11.3	11.2	13.5	10.0	7.1	4.2	16.7		
6	21.6	21.6	21.6	18.9	30.0	28.6	12.5	50.0		
7	27.7	21.6	32.8	32.4	20.0	46.4	25.0	16.7		
8	8.9	9.3	8.6	5.4	20.0	10.7	8.3	16.7		
North Central										
0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
1	0.7	1.1	0.6	0.0	0.5	1.1	0.0	0.4		
2	2.9	4.3	2.6	1.9	4.8	2.5	5.4	0.0		
3	11.5	13.0	11.1	23.1	21.4	13.2	14.2	7.1		
4	18.6	28.1	16.6	25.0	23.8	17.8	19.5	12.5		
5	11.8	6.5	12.9	7.7	4.8	13.2	14.6	12.5		
6	18.5	21.1	17.9	9.6	9.5	26.9	14.6	12.5		
7	26.5	20.0	27.9	17.3	21.4	20.3	19.9	21.4		
8	9.6	5.9	10.3	15.4	14.3	5.6	10.7	39.3		
South										
0	0.1	0.0	0.1	0.0	0.0	0.3	0.0	0.0		
1	0.6	1.0	0.5	0.0	1.6	0.7	0.3	0.6		
2	3.0	5.5	2.3	0.0	6.3	3.0	3.5	0.0		
3	12.3	13.1	12.0	19.6	28.1	12.8	15.5	4.5		
4	15.4	20.1	14.2	27.5	21.9	13.5	18.7	5.8		
5	13.2	13.1	13.2	11.8	9.4	14.1	12.9	12.8		
6	22.3	14.9	24.2	7.8	15.6	25.3	20.6	30.8		
7	23.4	18.3	24.7	13.7	10.9	22.9	20.6	30.8		
8	9.9	13.8	8.8	19.6	6.3	7.4	7.7	32.7		
West 3/										
0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
2	1.7	1.5	1.7	0.0	10.3	0.0	2.5	0.0		
3	3.9	7.7	3.2	4.3	6.9	2.7	5.9	0.0		
4	10.7	9.2	11.0	0.0	20.7	10.8	13.4	10.0		
5	11.7	21.5	9.8	4.3	3.4	16.2	11.8	8.3		
6	22.4	26.2	21.7	26.1	13.8	18.9	20.2	23.2		
7	31.6	16.9	34.4	34.8	27.6	27.0	29.4	33.3		
8	18.0	16.9	18.2	30.4	17.2	24.3	16.8	30.0		

1/Adjacent to a SMSA.

2/Not adjacent to a SMSA.

3/Excludes Alaska and Hawaii.

Table 15--Frequency distribution of counties based on the percentage government employment is of total employment, by region and metropolitan status, 1976

Item	All counties	Metropolitan	Nonmetropolitan							
			Urbanized			Less urbanized				
			All	Adj. 1/ Adj. 2/	Non- Adj. 1/ Adj. 2/	All	Adj. 1/ Adj. 2/	Non- Adj. 1/ Adj. 2/		
Percent										
Northeast										
Less than 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
5-9	11.3	19.6	4.3	2.7	0.0	3.6	8.3	0.0		
10-14	45.1	49.5	41.4	54.1	40.0	25.0	45.8	33.3		
15-19	23.5	14.4	31.0	32.4	40.0	32.1	20.8	33.3		
20-24	13.6	10.3	16.4	8.1	10.0	35.7	20.8	0.0		
25-29	5.2	5.2	0.0	0.0	10.0	3.6	4.2	16.7		
30 or more	1.4	1.0	2.7	0.0	0.0	0.0	0.0	16.7		
North Central										
Less than 5	0.2	0.0	0.2	0.0	2.4	0.0	0.0	0.4		
5-9	10.6	16.8	9.3	19.2	11.9	6.1	10.3	14.3		
10-14	44.9	46.5	44.6	50.0	50.0	54.3	49.4	30.4		
15-19	29.7	23.2	31.0	11.5	26.2	28.4	26.4	41.1		
20-24	8.7	8.1	8.9	5.8	4.8	8.1	7.3	40.1		
25-29	3.0	2.2	3.2	3.8	0.0	2.0	3.1	10.7		
30 or more	2.8	3.2	2.8	9.6	4.8	1.0	3.4	11.8		
South										
Less than 5	0.4	0.7	0.4	0.0	1.6	0.0	0.0	1.3		
5-9	18.6	17.6	18.9	25.5	31.3	20.5	20.3	15.4		
10-14	49.4	47.1	50.0	39.2	45.3	55.9	54.2	49.1		
15-19	20.0	20.1	20.0	19.6	15.6	15.5	16.5	30.8		
20-24	6.0	8.0	5.5	3.9	3.1	4.0	5.2	8.3		
25-29	2.9	3.1	2.8	5.9	3.1	1.3	2.3	6.8		
30 or more	2.7	3.5	2.5	5.9	0.0	2.7	1.6	4.5		
West <sup>3/</sup>										
Less than 5	0.5	0.0	0.6	0.0	0.0	0.0	0.0	0.0		
5-9	4.1	6.2	3.8	4.3	6.9	2.7	3.4	6.7		
10-14	36.0	52.3	32.9	39.1	44.8	37.8	33.6	26.7		
15-19	34.5	24.6	36.4	21.7	34.5	35.1	43.7	26.7		
20-24	13.6	9.2	14.5	17.4	10.3	13.5	9.2	16.7		
25-29	5.4	7.7	4.9	4.3	3.4	5.4	4.2	10.0		
30 or more	5.8	0.0	6.9	13.0	0.0	5.4	5.9	7.4		

<sup>1/</sup>Adjacent to a SMSA.

<sup>2/</sup>Not adjacent to a SMSA.

<sup>3/</sup>Excludes Alaska and Hawaii.

Table 16--Frequency distribution of counties based on the percentage earnings from government employment is of total earnings, by region and metropolitan status, 1976

Item	All counties	Metropolitan	All	Urbanized				Less urbanized				Totally rural			
				Non- Adj. 1/		Non- Adj. 2/		Non- Adj. 1/		Non- Adj. 2/		Non- Adj. 1/		Non- Adj. 2/	
				Adj. 1/	Adj. 2/										
Percent															
Northeast															
Less than 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-9	29.1	38.1	21.6	21.6	30.0	10.7	37.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2
10-14	34.3	35.1	33.6	37.8	30.0	25.0	29.2	50.0	50.0	45.5	45.5	45.5	45.5	45.5	45.5
15-19	16.4	10.3	21.6	29.7	10.0	25.0	8.3	16.7	16.7	27.3	27.3	27.3	27.3	27.3	27.3
20-24	14.6	11.3	17.2	8.1	20.0	32.1	20.8	0.0	0.0	9.1	9.1	9.1	9.1	9.1	9.1
25-29	3.8	3.1	4.3	0.0	10.0	7.1	4.2	16.7	16.7	0.0	0.0	0.0	0.0	0.0	0.0
30 or more	1.9	2.1	1.7	2.7	0.0	0.0	0.0	16.7	16.7	0.0	0.0	0.0	0.0	0.0	0.0
North Central															
Less than 5	1.0	1.1	1.0	1.9	2.4	0.5	1.1	0.0	0.0	1.1	0.0	1.1	0.0	1.1	1.1
5-9	26.4	39.5	23.7	38.5	33.3	26.9	23.8	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9
10-14	40.3	35.7	41.3	38.5	42.9	44.2	46.4	39.3	39.3	34.7	34.7	34.7	34.7	34.7	34.7
15-19	18.0	13.5	19.0	3.8	14.3	17.8	14.9	28.6	28.6	25.6	25.6	25.6	25.6	25.6	25.6
20-24	7.9	5.9	8.3	3.8	2.4	7.1	7.7	10.7	10.7	11.1	11.1	11.1	11.1	11.1	11.1
25-29	2.7	3.2	2.6	3.8	0.0	2.0	1.9	1.8	1.8	4.2	4.2	4.2	4.2	4.2	4.2
30 or more	3.6	1.1	4.1	9.6	4.8	1.5	4.2	1.8	1.8	5.3	5.3	5.3	5.3	5.3	5.3
South															
Less than 5	1.7	2.4	1.5	3.9	3.1	2.0	0.3	2.6	2.6	0.9	0.9	0.9	0.9	0.9	0.9
5-9	27.0	31.5	25.8	29.4	40.6	27.3	30.3	19.2	19.2	16.8	16.8	16.8	16.8	16.8	16.8
10-14	38.3	36.7	38.7	37.3	39.1	44.1	42.3	27.6	27.6	34.5	34.5	34.5	34.5	34.5	34.5
15-19	17.7	13.8	18.8	11.8	9.4	16.8	15.2	24.4	24.4	26.8	26.8	26.8	26.8	26.8	26.8
20-24	7.3	8.0	7.1	5.9	6.3	4.0	4.5	15.4	15.4	9.5	9.5	9.5	9.5	9.5	9.5
25-29	3.3	2.4	3.6	5.9	1.6	1.3	2.9	6.4	6.4	5.5	5.5	5.5	5.5	5.5	5.5
30 or more	4.7	5.2	4.6	5.9	0.0	4.4	4.5	4.5	4.5	5.9	5.9	5.9	5.9	5.9	5.9
West 3/															
Less than 5	0.5	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5-9	17.0	15.4	17.3	13.0	31.0	16.2	17.6	19.2	19.2	13.9	13.9	13.9	13.9	13.9	13.9
10-14	35.0	47.7	32.7	47.8	27.6	35.1	36.1	26.7	26.7	27.8	27.8	27.8	27.8	27.8	27.8
15-19	24.3	21.5	24.9	13.0	27.6	21.6	27.7	16.7	16.7	26.9	26.9	26.9	26.9	26.9	26.9
20-24	8.8	6.2	9.2	0.0	10.3	13.5	6.7	3.3	3.3	13.9	13.9	13.9	13.9	13.9	13.9
25-29	6.1	9.2	5.5	8.7	0.0	2.7	6.7	10.0	10.0	4.6	4.6	4.6	4.6	4.6	4.6
30 or more	8.3	0.0	9.8	17.4	3.4	10.8	5.0	23.3	23.3	11.1	11.1	11.1	11.1	11.1	11.1

1/ Adjacent to a SMSA.

2/ Not adjacent to a SMSA.

3/ Excludes Alaska and Hawaii.

While state and local governments increased employment through time in both an absolute and relative sense and governments were an important source of employment and earnings in a number of counties, the local economies of most counties were diversified enough so that governmental earnings and employment were neither the first nor second most important source of employment and few had a large percentage of either earnings or employment from government sources.

The government sector tended to play a larger role relative to private sectors in nonmetro areas than in metro areas. Considerable variability was found within nonmetro classifications so that totally rural counties were generally not like urbanized non-metro counties. In addition, regardless of the size of the nonmetro urban population, governments were more important in counties adjacent to SMSAs than in counties not adjacent to SMSAs. This result could be caused by BEA employment data being determined on the basis of place of work. Local governments sometimes require employees to live within the jurisdiction of employment--a constraint not applicable to the private sector. Therefore, a greater ratio of government to private sector workers may occur in those counties subject to out-commuting of private sector workers since the public employees would be required to provide services to such workers.

This analysis concentrated on the size of the public sector relative to selected private sectors. What became apparent was that when one starts to assert the relative importance of State and local governments as a source of employment and earnings in nonmetro areas, several qualifiers would be necessary and it would still be difficult to discuss a definitive majority of counties. Assessing the relative sizes of the public and private sectors also indicates the potential difficulty local economies could have in making short-run adjustments to cuts in the public sector budget. Obviously characteristics such as existing unemployment rates, industrial composition, characteristics of the public work force released and the private work force employed and so forth also would play an important role in the ease or difficulty in absorbing "additional" workers.

Restrictions on property tax revenues could be offset through user charges or other taxes. Reductions in intergovernmental transfers might be offset through increased local or State tax efforts. If reductions in budgets can not be offset and services (and therefore personnel) must be reduced, the range of data noted indicated some counties would have severe hardship and others would only be slightly effected, regardless of region or metro status, if the public sector reduced employment. The local economies of even totally rural counties are frequently very diversified.

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